

VZCZCXYZ0002
PP RUEHWEB

DE RUEHBM #1461/01 2621143
ZNR UUUUU ZZH
P 191143Z SEP 06
FM AMEMBASSY BUCHAREST
TO RUEHC/SECSTATE WASHDC PRIORITY 5190
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0038
RUEHFR/AMEMBASSY PARIS PRIORITY 0244

UNCLAS BUCHAREST 001461

SIPDIS

SIPDIS

PM/DTCC -- BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [RO](#) [AE](#)
SUBJECT: BLUE LANTERN LEVEL 3: POST-SHIPMENT END USE CHECK
ON LICENSE 05924967

REF: STATE 135617

1. This message responds to reftel tasker, to conduct post-shipment, on-site verification on export of Personal Locator Systems to United Arab Emirates involving a Foreign Consignee, IAR S.A., Brasov in Romania. On September 14, POLMILOFF visited IAR, S.A. and met with President and CEO Adviser Catalin Constantinescu, Export and Marketing Manager Anca Mihaela Ichim, Purchasing Manager Corneliu Pauleanu, among others involved with the contract with the United Arab Emirates Armed Forces. IAR reviewed the history, partners and principal import and export clients. IAR also provided POLMILOFF with the "Statement of Work Agreement" for the upgrading of 25 UAE PUMA SA 330s with Cubic Defense systems of San Diego, California. IAR allowed POLMILOFF to examine the contract, inventory, customs and export licensing documents related to the commodities in question. Following the paper review, POLMILOFF was given a tour of the plant facilities where IAR was building, refurbishing, and upgrading airframes and avionics for several military, Search and Rescue, and Medevac rotary-wing Puma aircraft. The PUMAs were individually identified by client, including NATO, EUROFOR. Government of South Africa, United Arab Emirates, and the Romanian Ministries of Defense. POLMILOFF also toured the blade assembly and repair area, and the fiberglass and aluminum press and construction areas.

When was IAR Brasov established and who are its principals?

2. Industria Aeronautica Romana (IAR) S.A. Brasov was founded in 1925, mainly as a manufacturer of fixed-wing aircraft, including the critically acclaimed IAR-80 combat plane which saw action from 1942 until Allied bombing hit the first IAR assembly plant in 1944. After WWII, the communist government decided to use the former factory site to manufacture tractors, but continued to dabble in aeronautics, when in the 1950s, one of the engineers started designing gliders and single engine planes, in hope of reconstituting the Aerospace industry in Brasov. By 1965, was making fixed wing crafts, including experimental gliders, having moved the assembly out of the city of Brasov proper (where the tractor factory still exists), to its present location in Ghimbav, just a few kilometers out of the city but in the county of the same name ("Judetul Brasov"). Since 1968, IAR has increasingly concentrated on the rotary-wing aircraft market and is currently partnered with EADS subsidiary Eurocopter. In December 2000, IAR and Eurocopter signed an MOU that formed Eurocopter Romania S.A. IAR S.A. claims it holds exclusive Eurocopter contracts for the upgrade, maintenance and supply of Puma and Alouette helicopters. IAR also is the exclusive designer and provider of the upgraded PUMA "SOCAT" combat helicopters to the Romanian MOD. IAR and Eurocopter Romania are collocated. The President and General Director of IAR is Gen. Ion Gerogescu (ret.). Andrei Lorincz is listed as the

Development and Production Executive and Ion Dumitrescu is the Commercial Financial Executive. They claim 925 employees, and about twenty-five percent of the stock is held privately.

Who are IAR Brasov's typical customers and where are they located?

¶3. Domestic customers are the Romanian MOD/Air Force, Interior (including the Romanian Intelligence Service), and Romanian Utility Aviation. Primary foreign customers are Eurocopter (France), Denel-Atlas Aviation (South Africa), United Arab Emirates Ministry of Defense, Pakistani Ministry of Defense. A sample of their importers include Eurocopter, Sagem Avionics, CMC Canada, Rockwell Collins, HR SmithGroup.

Does IAR Brasov have adequate on-site security?

¶4. IAR said it uses picture identification cards with electronic key access for its employees. From the main office entrance, though the front door was locked, there was no sign of a security guard. Throughout the compound, POLMILOFF did not observe any uniformed security nor any electronic or video security measures. The main gate to the assembly area had a guard booth but POLMILOFF could not see any guards in the vicinity. That said, the location of IAR S.A. Brasov is off a remote road, roughly a kilometer from the Brasov to Ghimbav road. The firm is not easy to locate, and in fact, attempting to find the location, the embassy driver tried two Ghimbav locals without success. The third time, a taxi driver pointed us in the right direction.

Does IAR Brasov understand the restriction on UML articles?

¶5. POLMILOFF reviewed in the meeting both the End-Use monitoring policy, legal authority and re-exporting limitations. IAR explained the Romanian government's own export controls and procedures.

What is the nature of IAR Brasov's dealing with UAE?

¶6. IAR delivered 10 rotary wing aircraft to UAE in 1994 as part of a contract signed in 1992. IAR is contracted to begin upgrades to those original 10, and are contracted to provide 25 second-hand PUMA helicopters, including maintenance and spare parts. The first aircraft of this new contract was delivered in 2005 and is to be concluded in 2007.

What is the nature of Brasov's dealings with Rockwell Collins France (RCF)?

¶7. RCF is one of the primary suppliers to IAR S.A. Brasov.

Conclusion

¶8. IAR S.A. Brasov is a serious company, though on-site security needs improvement. IAR S.A. Brasov officials appeared unsettled by the visit, but went out of their way to be responsive to POLMILOFF's inquiries. They seemed surprised when POLMILOFF requested a tour of their assembly plant. One of the executives said they were not prepared for that, but left the room to obtain and subsequently receive permission. POLMILOFF noticed only a few Pumas equipped with machine gun turrets and rocket pods. Of the 12 Pumas in various stages of upgrade in the main assembly area, some were getting new motors, others new cockpits and interiors. The paper documentation, particularly those required by the GOR were all in order, with good cross-referencing of serial numbers on the export documents, customs sheets, inventories and order forms for each shipment. Most of the activity appeared to be in the manufacturing area, where air frames were being cut and welded, and rotors made.

Taubman